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103D CONGRESS
2D SESSION

# S. 1974

[Report No. 103–268]

To authorize the Secretary of Veterans Affairs to conduct pilot programs in order to evaluate the feasibility of the participation of the Department of Veterans Affairs health care system in the health care systems of States that have enacted health care reform.

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IN THE SENATE OF THE UNITED STATES

MARCH 24 (legislative day, FEBRUARY 22), 1994

Mr. ROCKEFELLER (for himself, Mr. MURKOWSKI, Mr. GRAHAM, Mr. AKAKA, Mr. DASCHLE, Mr. THURMOND, Mr. JEFFORDS, Mr. LEAHY, Mrs. MURRAY, Mr. CAMPBELL, and Mr. WELLSTONE) introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

MAY 23 (legislative day, MAY 16), 1994

Reported by Mr. ROCKEFELLER, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

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# A BILL

To authorize the Secretary of Veterans Affairs to conduct pilot programs in order to evaluate the feasibility of the participation of the Department of Veterans Affairs health care system in the health care systems of States that have enacted health care reform.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the "VA State Health Care Reform Pilot Program Act".

**SEC. 2. PURPOSE OF PILOT PROGRAMS.**

The purpose of this Act is to authorize the participation of the Department of Veterans Affairs health care system in the health care systems of States that have enacted health care reform in order to evaluate the most appropriate means of enabling the Department health care system to participate in such systems and in the National health care system contemplated under any plans for National health care reform.

**SEC. 3. HEALTH CARE PILOT PROGRAMS.**

(a) IN GENERAL.—The Secretary may carry out pilot programs on the participation of the Department of Veterans Affairs health care system in the health care systems of States that have adopted comprehensive health benefit plans. The Secretary shall carry out any pilot program under this Act in accordance with the provisions of this Act.

(b) STATES ELIGIBLE FOR DESIGNATION.—(1) The Secretary shall designate each of not more than five States as a location for a pilot program under this Act. The Secretary shall complete the designation of States as locations for pilot programs not later than 30 days after the date of the enactment of this Act.

(2) The Secretary may designate a State as a location for a pilot program under this Act if the Secretary determines that—

(A) the State has enacted, or will soon enact, a statute establishing or providing for a comprehensive health benefit plan; and

(B) the participation of the health care system of the Department under the plan is feasible and appropriate in light of the purpose of this Act.

(c) DEPARTMENT PARTICIPATION IN STATE HEALTH BENEFIT PLANS.—(1) To the maximum extent practicable, the Secretary shall provide eligible persons under each pilot program under this Act with the comprehensive package of basic health care benefits that would otherwise be available to such persons under the comprehensive health benefit plan of the State in which the pilot program is carried out. The Secretary shall provide such benefits through the health care system of the Department in such State as if such system were a provider of such benefits under such plan.

(2) Notwithstanding any other provision of law, a State may not prohibit the participation of the Department under the comprehensive health benefit plan of the State under a pilot program unless the chief executive officer of the State certifies to the Secretary that—

(A) the benefits to be provided by the Department under the pilot program do not meet requirements for quality of benefits established by or provided under the plan; or

(B) the location of Department facilities (including facilities providing services by contract or agreement with the Secretary) in the State is such that the proximity of eligible persons to such facilities does not meet requirements so established for such proximity.

(3) To the maximum extent practicable, the Secretary shall provide health care benefits under a pilot program under this Act in accordance with the statutory requirements and regulatory requirements imposed with respect to the provision and availability of such benefits under the comprehensive health benefit plan of the State in which the pilot program is carried out.

(4) Not later than 30 days after the designation of a State as a location for a pilot program under this Act, the Secretary and the health system director for that State shall jointly determine the Federal regulations the waiver or modification of which is necessary in order to facilitate the carrying out of the pilot program. Upon such determination, the Secretary shall waive or modify the application of such regulations to the pilot program.

~~(5) The Secretary shall furnish any eligible person living in a State in which a pilot program is carried out (including any eligible person electing to receive benefits under the pilot program and any eligible person not electing to receive benefits under the pilot program) with the health care benefits for which such person is eligible under chapter 17 of title 38, United States Code, notwithstanding that the comprehensive package of basic health care benefits provided under the comprehensive health benefit plan of the State does not otherwise include such health care benefits. The Secretary shall furnish any health care benefits under this paragraph in accordance with the provisions of that chapter.~~

~~(d) HEALTH SYSTEM DIRECTOR.—The Secretary shall designate a health system director for each State in which a pilot program is carried out under this Act. The health system director of a State shall be the director or chief of staff of a Department medical center located in the State in which the pilot program is carried out. To the maximum extent practicable, the Secretary shall delegate to the health system directors the responsibilities of the Secretary under this Act.~~

~~(e) ADMINISTRATIVE REORGANIZATION.—The Secretary may carry out any administrative reorganization of an office, facility, activity, or function of the health care~~

system of the Department in a State in which a pilot program is carried out that the Secretary and the health system director jointly determine to be necessary in order to facilitate the carrying out of the pilot program. Section 510(b) of title 38, United States Code, shall not apply to any such administrative reorganization.

(f) PROVISION OF BENEFITS.—(1)(A) Except as provided in subparagraph (B), the Secretary shall provide health care benefits under a pilot program—

(i) through the direct provision of such services by the health care system of the Department in the State in which the pilot program is carried out; or

(ii) in the event that such services cannot be provided directly by such system, by contract or other agreement in accordance with paragraph (2).

(B) The Secretary may exclude facilities of the Department from participation in a pilot program. Any facilities so excluded shall continue to provide health care benefits to veterans and other persons eligible for such benefits in accordance with the provisions of title 38, United States Code.

(2) The health system director of a pilot program may enter into contracts and agreements for the provision of health care services and contracts and agreements for other services with respect to the pilot program under

paragraph (1)(A)(ii). Any such contract or agreement (including any lease) shall not be subject to the following provisions of law:

(A) Section 8110(c) of title 38, United States Code, relating to contracting of services at Department health-care facilities.

(B) Section 8122(a)(1) of such title, relating to the lease of Department property.

(C) Section 8125 of such title, relating to local contracts for the procurement of health-care items.

(D) Section 702 of title 5, United States Code, relating to the right of review of agency wrongs by courts of the United States.

(E) Sections 1346(a)(2) and 1491 of title 28, United States Code, relating to the jurisdiction of the district courts of the United States and the United States Court of Federal Claims, respectively, for the actions enumerated in such sections.

(F) Subchapter V of chapter 35 of title 31, United States Code, relating to adjudication of protests of violations of procurement statutes and regulations.

(G) Sections 3526 and 3702 of such title, relating to the settlement of accounts and claims, respectively, of the United States.

(H) Subsections (b)(7), (e), (f), (g), and (h) of section 8 of the Small Business Act (15 U.S.C. 637(b)(7), (e), (f), (g), and (h)), relating to requirements with respect to small businesses for contracts for property and services.

(I) The provisions of law assembled for purposes of codification of the United States Code as section 471 through 544 of title 40 that relate to the authority of the Administrator of General Services over the lease and disposal of Federal Government property.

(J) The Office of Federal Procurement Policy Act (41 U.S.C. 401 et seq.), relating to the procurement of property and services by the Federal Government.

(K) Chapter 3 of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 251 et seq.), relating to the procurement of property and services by the Federal Government.

(L) Office of Management and Budget Circular A–76.

(3)(A) Notwithstanding any other provision of law, contracts and agreements for the provision of health care services under this subsection shall include contracts and other agreements with insurers, health care providers, or

other individuals or entities that provide health care services in order to obtain health-care resources for eligible persons under a pilot program or to furnish health care benefits to such persons.

(B) A health system director of a pilot program may enter into a contract or agreement under this paragraph only if the director determines that the contract or agreement is necessary in order to ensure the provision of health care services of an acceptable level and quality under the pilot program.

(C) Contracts and agreements under this paragraph may be entered into without prior review by the Central Office of the Department.

(4)(A) Contracts and agreements under this subsection for services other than the services referred to in paragraph (3) (including contracts and agreements for procurement of equipment, maintenance and repair services, and other services related to the provision of health care services) shall not be subject to review by the Central Office if the amount of such contracts or agreements is less than $250,000.

(B) Contracts and agreements for services under this paragraph shall be subject to review by the Central Office if the amount of such contracts or agreements is $250,000 or greater. If the Central Office fails to approve or reject

a contract or agreement under this clause within 30 days of its submittal to the Central Office, such contract or agreement shall be deemed approved by the Central Office.

(g) DEPARTMENT PERSONNEL.—(1) Notwithstanding any other provision of law and to the extent necessary to carry out the purpose of a pilot program, the Secretary may—

(A) appoint health care personnel to positions in the health care system of the Department in the State in which the pilot program is carried out in accordance with such qualifications for such positions as the Secretary may establish; and

(B) promote and advance personnel serving in such positions in accordance with such qualifications as the Secretary may establish.

(2) Not later than 60 days after the designation of a State as a location for a pilot program under this Act, or at such other time as the Secretary may determine, the Secretary shall request authority from the Director of the Office of Management and Budget to permit the Secretary to employ a number of full time equivalent employees in the health care system of the Department in that State which exceeds the number of such employees that would otherwise be authorized for such employment by the Director.

(3) Notwithstanding any other provision of law, employees of the Department at facilities of the Department under a pilot program shall not, during the carrying out of the pilot program, be subject to any reduction in the number of full time employees of the Department or as a result of a reduction in the number of full time employees of the Federal Government.

(h) ELIGIBLE PERSONS.—(1) A person eligible for health care benefits under a pilot program is any person residing in a State in which a pilot program is carried out as follows:

(A) Any veteran.

(B) Any spouse or child of a veteran.

(C) Any individual eligible for care under paragraph (2) or (3) of section 1713(a) of title 38, United States Code.

(2) Notwithstanding any other provision of law, a State may not require that any person other than a person referred to in paragraph (1) be eligible for health care benefits through the Department under a pilot program.

(i) COPAYMENTS AND OTHER CHARGES.—(1) Except as provided in paragraph (2), the Secretary may collect from or on behalf of any individual receiving health care benefits from the Secretary under a pilot program under this Act a premium, deductible, copayment, or other

charge with respect to the provision of a benefit under the pilot program. The amount of the premium, deductible, copayment, or other charge collected with respect to a benefit provided under a pilot program may not exceed the maximum amount otherwise permitted for a premium, deductible, copayment, or other charge with respect to that benefit under the comprehensive health benefits plan of the State in which the pilot program is carried out.

(2)(A) Except as provided in subparagraph (B), the Secretary shall waive the collection under the pilot programs of premiums, deductibles, copayments, and other charges with respect to the benefits provided by the Department to the following:

(i) Veterans with compensable service-connected disabilities.

(ii) Veterans whose discharge or release from active military, naval, or air service was for a compensable disability that was incurred or aggravated in the line of duty.

(iii) Veterans who are in receipt of, or who, but for a suspension pursuant to section 1151 of title 38, United States Code (or both a suspension and the receipt of retired pay), would be entitled to disability compensation, but only to the extent that such veterans' continuing eligibility for such care is

~~provided for in the judgment or settlement provided for in such section.~~

~~(iv) Veterans who are a former prisoners of war.~~

~~(v) Veterans of the Mexican border period or of World War I.~~

~~(vi) Veterans who are unable to defray the expenses of necessary care, as determined in accordance with section 1722(a) of such title.~~

~~(B) The Secretary may collect premiums, deductibles, copayments, and other charges with respect to benefits provided under a pilot program to veterans referred to in subparagraph (A) from any third party obligated to provide, or to pay the expenses of, such benefits to or for such veterans under the comprehensive health benefits plan of the State in which the pilot program is carried out.~~

~~(j) FUNDING.—(1) There is established in the Treasury a fund to be known as the Department of Veterans Affairs Health Care Reform Fund (hereafter referred to in this subsection as the "Fund").~~

~~(2)(A) Notwithstanding any other provision of law, amounts shall be deposited in the Fund as follows:~~

~~(i) Amounts made available to a pilot program based upon a determination under paragraph (3).~~

(ii) Amounts collected under a pilot program in accordance with subsection (i).

(iii) Amounts determined with respect to a pilot program under paragraph (4).

(iv) Such other amounts as the Secretary and the health system directors of the pilot programs jointly determine to be necessary in order to carry out the pilot programs.

(v) Such other amounts as may be appropriated to the pilot programs.

(B) The Secretary shall make available amounts under clauses (i) and (iv) of subparagraph (A) from amounts appropriated to the Department of Veterans Affairs for the provision of health care services.

(C) The Secretary shall establish and maintain a separate account under the Fund for each pilot program carried out under this Act. Any deposits and expenditures with respect to a pilot program shall be made to or from the account established and maintained with respect to that pilot program.

(3)(A) For each year of the operation of a pilot program under this Act, the Secretary shall deposit in account of the Fund for the pilot program an amount (as determined by the Secretary) equal to the amount that would otherwise be made available to the health care sys-

tem of the Department in the State in which the pilot program is carried out for the payment of the cost of health care services by such system in that State in that year. The Secretary shall deposit such amount at the beginning of such year.

(B) The costs referred to in subparagraph (A) shall not include costs relating to the provision by the Secretary of the following services:

(i) Services relating to post-traumatic stress disorder.

(ii) Services relating to spinal-cord injuries.

(iii) Services relating to substance abuse.

(iv) Services relating to the rehabilitation of blind veterans.

(4)(A) In each year of the operation of a pilot program under this Act, the Secretary shall deposit into the account of the Fund for the pilot program an amount with respect to the pilot program that is equal to the portion of the amount referred to in subparagraph (B) that is allocable to the medical-care cost recovery activities of the Department under section 1729(g)(4) of title 38, United States Code, in the State in which the pilot program is carried out.

(B) The amount referred to in subparagraph (A) is the amount by which the unobligated balance in the De-

partment of Veterans Affairs Medical Care Cost Recovery Fund for the year preceding the date of the deposit under this paragraph exceeds the estimated amount of such unobligated balance at the commencement of such preceding year.

(C) The Secretary shall make deposits under this paragraph at the same time as the deposit under such section.

(5)(A) Notwithstanding any other provision of law, the health system director for a State in which a pilot program is carried out shall determine the costs for which amounts in the Fund may be expended in carrying out the pilot program.

(B)(i) Except as provided in clause (ii), the costs of carrying out a pilot program under this paragraph shall include any costs of marketing and advertising under the program and costs relating to acquisition (including acquisition of land), construction, repair, or renovation of facilities.

(ii) Costs under this subparagraph shall not include any costs relating to a major medical facility project or a major medical facility lease as such terms are defined in subparagraphs (A) and (B) of section 8104(a)(3) of title 38, United States Code, respectively.

(C) Amounts in the Fund for the payment of costs of a pilot program under this subsection shall be available for such purpose without fiscal year limitation.

(k) TERMINATION.—A pilot program carried out under this Act shall terminate not later than 2 years after the date of the commencement of provision of benefits under the pilot program.

**SEC. 4. REPORTS ON PILOT PROGRAMS.**

(a) COLLECTION OF INFORMATION.—(1) The Secretary shall collect such information with respect to the provision of health care benefits under each pilot program as is necessary to permit the Secretary to evaluate the pilot program in light of the purpose of the pilot program under this Act.

(2) The information collected by the Secretary under paragraph (1) shall include aggregated data on the following:

(A) The number of persons participating in each pilot program, including the age, sex, health status, disability ratings (if any), employment status, and incomes of such persons.

(B) The nature of benefits sought by such persons under each pilot program.

(C) The nature and quantity of benefits provided to such persons under each pilot program.

(D) The cost to the Department of providing such benefits under each pilot program.

(b) REPORTS.—(1) Not later than 14 months after the date of the completion of the designation of States as locations for pilot programs under this Act, the Secretary shall submit to the Committees on Veterans' Affairs of the Senate and House of Representatives a report on the progress of the Secretary in carrying out the pilot programs. Such report shall include the information referred to in subsection (a)(2) on the date of the report.

(2) Not later than November 30 of the year of the termination of the final pilot program under this Act, the Secretary shall submit to the committees referred to in paragraph (1) a report on the pilot programs carried out under this Act. The report shall include the following:

(A) The information referred to in subsection (a)(2), together with the comments and conclusions of the Secretary with respect to such information.

(B) An assessment by the Secretary of the utility of each pilot program for carrying out the purpose of this Act.

(C) An assessment by the Secretary of appropriate means of integrating the health care system of the Department into the health care systems of States that have enacted health care reform and into

the National health care system contemplated under any plans for National health care reform.

(D) Such other information, assessments, and conclusions as the Secretary considers appropriate.

**SEC. 5. DEFINITIONS.**

For the purposes of this Act—

(1) The terms "Secretary", "Department", "veteran", "child" and "spouse" have the meanings given such terms in paragraphs (1), (2), (4), and (31) of section 101 of title 38, United States Code, respectively.

(2) The term "comprehensive health benefit plan", in the case of a State, means a plan or system established under the law of the State that—

(A) ensures the access of all residents of the State to a comprehensive package of basic health care benefits; and

(B) ensures such access by providing that such benefits shall be provided directly or by contract by public and private entities.

(3) The term "comprehensive package of basic health care benefits" means the health care benefits provided for by a State under the comprehensive health benefit plan of the State.

~~(4) The term "health care system of the Department", in the case of a State designated as a location for a pilot program, means the facilities and personnel of the Department located in that State that provide health care services under chapter 17 of title 38, United States Code.~~

***SECTION 1. SHORT TITLE.***

*This Act may be cited as the "VA State Health Care Reform Pilot Program Act".*

***SEC. 2. PURPOSE OF PILOT PROGRAMS.***

*The purpose of this Act is to authorize the participation of the Department of Veterans Affairs health care system in the health care systems of States that have enacted health care reform in order to evaluate the most appropriate means of enabling the Department health care system to participate in such systems and in the National health care system contemplated under any plans for National health care reform.*

***SEC. 3. HEALTH CARE PILOT PROGRAMS.***

*(a) IN GENERAL.—The Secretary may carry out pilot programs on the participation of the Department of Veterans Affairs health care system in the health care systems of States that have adopted comprehensive health benefit plans. The Secretary shall carry out any pilot program*

*under this Act in accordance with the provisions of this Act.*

*(b) STATES ELIGIBLE FOR DESIGNATION.—(1) The Secretary shall designate each of not more than five States as a location for a pilot program under this Act. The Secretary shall complete the designation of States as locations for pilot programs not later than 30 days after the date of the enactment of this Act.*

*(2) The Secretary may designate a State as a location for a pilot program under this Act if the Secretary determines that—*

*(A) the State has enacted, or will soon enact, a statute establishing or providing for a comprehensive health benefit plan; and*

*(B) the participation of the health care system of the Department under the plan is feasible and appropriate in light of the purpose of this Act.*

*(c) DEPARTMENT PARTICIPATION IN STATE HEALTH BENEFIT PLANS—(1) To the maximum extent practicable, the Secretary shall provide eligible persons under each pilot program under this Act with the comprehensive package of basic health care benefits that would otherwise be available to such persons under the comprehensive health benefit plan of the State in which the pilot program is carried out. The Secretary shall provide such benefits through the health care*

*system of the Department in such State as if such system were a provider of such benefits under such plan.*

*(2) Notwithstanding any other provision of law, a State may not prohibit the participation of the Department under the comprehensive health benefit plan of the State under a pilot program unless the chief executive officer of the State certifies to the Secretary that—*

*(A) the benefits to be provided by the Department under the pilot program do not meet requirements for quality of benefits established by or provided under the plan; or*

*(B) the location of Department facilities (including facilities providing services by contract or agreement with the Secretary) in the State is such that the proximity of eligible persons to such facilities does not meet requirements so established for such proximity.*

*(3) Not later than 30 days after the designation of a State as a location for a pilot program under this Act, and at such other times as the Secretary may determine, the Secretary and the health system director for that State shall jointly determine the regulations under the authority of the Secretary the waiver or modification of which is necessary in order to facilitate the carrying out of the pilot program. Upon such determination, the Secretary shall waive or*

*modify the application of such regulations to the pilot program.*

*(4) The Secretary shall furnish any eligible person living in a State in which a pilot program is carried out (including any eligible person electing to receive benefits under the pilot program and any eligible person not electing to receive benefits under the pilot program) with the health care benefits for which such person is eligible under chapter 17 of title 38, United States Code, notwithstanding that the comprehensive package of basic health care benefits provided under the comprehensive health benefit plan of the State does not otherwise include such health care benefits. The Secretary shall furnish any health care benefits under this paragraph in accordance with the provisions of that chapter.*

*(d) HEALTH SYSTEM DIRECTOR.—(1) The Secretary shall designate a health system director for each State in which a pilot program is carried out under this Act. To the maximum extent feasible, the Secretary shall delegate to the health system directors the responsibilities of the Secretary under this Act.*

*(2)(A) Subject to subparagraph (B), the Secretary shall designate an individual as health system director for a State from among nominees for that position selected by a panel composed of individuals who are senior manage-*

*ment personnel of the Department medical centers located in that State.*

*(B) An individual selected for nomination to be a health system director of a State under subparagraph (A) shall be—*

*(i) the director or chief of staff of a Department medical center located in the State in which the pilot program is carried out; or*

*(ii) any other individual having experience with the Department medical system that is equivalent to the experience with that system of an individual in a position referred to in clause (i).*

*(e) ADMINISTRATIVE REORGANIZATION.—The Secretary may carry out any administrative reorganization of an office, facility, activity, or function of the health care system of the Department in a State in which a pilot program is carried out that the Secretary and the health system director jointly determine to be necessary in order to facilitate the carrying out of the pilot program. Section 510(b) of title 38, United States Code, shall not apply to any such administrative reorganization.*

*(f) PROVISION OF BENEFITS.—(1)(A) Except as provided in subparagraph (B), the Secretary shall provide health care benefits under a pilot program—*

*(i) through the direct provision of such services by the health care system of the Department in the State in which the pilot program is carried out; or*

*(ii) by contract or other agreement in accordance with paragraph (2).*

*(B) The Secretary may exclude facilities of the Department from participation in a pilot program. Any facilities so excluded shall continue to provide health care benefits to veterans and other persons eligible for such benefits in accordance with the provisions of laws administered by the Secretary.*

*(2) The health system director of a pilot program may enter into contracts and agreements for the provision of health care services and contracts and agreements for other services with respect to the pilot program under paragraph (1)(A)(ii). Any such contract or agreement (including any lease) shall not be subject to the following provisions of law:*

*(A) Section 8110(c) of title 38, United States Code, relating to contracting of services at Department health-care facilities.*

*(B) Section 8122(a)(1) of such title, relating to the lease of Department property.*

*(C) Section 8125 of such title, relating to local contracts for the procurement of health-care items.*

*(D) Section 702 of title 5, United States Code, relating to the right of review of agency wrongs by courts of the United States.*

*(E) Sections 1346(a)(2) and 1491 of title 28, United States Code, relating to the jurisdiction of the district courts of the United States and the United States Court of Federal Claims, respectively, for the actions enumerated in such sections.*

*(F) Subchapter V of chapter 35 of title 31, United States Code, relating to adjudication of protests of violations of procurement statutes and regulations.*

*(G) Sections 3526 and 3702 of such title, relating to the settlement of accounts and claims, respectively, of the United States.*

*(H) Subsections (b)(7), (e), (f), (g), and (h) of section 8 of the Small Business Act (15 U.S.C. 637(b)(7), (e), (f), (g), and (h)), relating to requirements with respect to small businesses for contracts for property and services.*

*(I) The provisions of law assembled for purposes of codification of the United States Code as section 471 through 544 of title 40 that relate to the authority of the Administrator of General Services over the lease and disposal of Federal Government property.*

*(J) The Office of Federal Procurement Policy Act (41 U.S.C. 401 et seq.), relating to the procurement of property and services by the Federal Government.*

*(K) Chapter 3 of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 251 et seq.), relating to the procurement of property and services by the Federal Government.*

*(L) Office of Management and Budget Circular A–76.*

*(3)(A) Notwithstanding any other provision of law, contracts and agreements for the provision of health care services under this subsection may include contracts and other agreements with insurers, health care providers, or other individuals or entities that provide health care services.*

*(B) Contracts and agreements under this paragraph may be entered into without prior review by the Central Office of the Department.*

*(4)(A) Contracts and agreements under this subsection for services other than the services referred to in paragraph (3) (including contracts and agreements for procurement of equipment, maintenance and repair services, and other services related to the provision of health care services) shall not be subject to prior review by the Central Office if the*

*amount of such contracts or agreements is less than $250,000.*

*(B) Contracts and agreements for services under this paragraph shall be subject to prior review by the Central Office if the amount of such contracts or agreements is $250,000 or greater. If the Central Office fails to approve or reject a contract or agreement under this clause within 30 days of its submittal to the Central Office, such contract or agreement shall be deemed approved by the Central Office.*

*(g) DEPARTMENT PERSONNEL.—(1) Notwithstanding any other provision of law and to the extent necessary to carry out the purpose of a pilot program, the Secretary may—*

*(A) appoint personnel to positions in the health care system of the Department in the State in which the pilot program is carried out in accordance with such standards for such positions as the Secretary may establish; and*

*(B) promote and advance personnel serving in such positions in accordance with such standards as the Secretary may establish.*

*(2) Not later than 60 days after the designation of a State as a location for a pilot program under this Act, or at such other time as the Secretary may determine, the Sec-*

*retary shall request authority from the Director of the Office of Management and Budget to permit the Secretary to employ a number of full time equivalent employees in the health care system of the Department in that State which exceeds the number of such employees that would otherwise be authorized for such employment by the Director.*

*(3) Notwithstanding any other provision of law, employees of the Department at facilities of the Department under a pilot program shall not, during the carrying out of the pilot program, be subject to any reduction in the number of full time employees of the Department or as a result of a reduction in the number of full time employees of the Federal Government.*

*(h) ELIGIBLE PERSONS.—(1) A person eligible for health care benefits under a pilot program is any person residing in a State in which a pilot program is carried out as follows:*

*(A) Any veteran.*

*(B) Any spouse or child of a veteran.*

*(C) Any individual eligible for care under paragraph (2) or (3) of section 1713(a) of title 38, United States Code.*

*(2) Notwithstanding any other provision of law, a State may not require that any person other than a person*

*referred to in paragraph (1) be eligible for health care benefits through the Department under a pilot program.*

*(i) COPAYMENTS AND OTHER CHARGES.—(1) Except as provided in paragraph (2), the Secretary may collect from or on behalf of any individual receiving health care benefits from the Secretary under a pilot program under this Act a premium, deductible, copayment, or other charge with respect to the provision of a benefit under the pilot program. The amount of the premium, deductible, copayment, or other charge collected with respect to a benefit provided under a pilot program may not exceed the maximum amount otherwise permitted for a premium, deductible, copayment, or other charge with respect to that benefit under the comprehensive health benefits plan of the State in which the pilot program is carried out.*

*(2)(A) Except as provided in subparagraph (B), the Secretary shall not collect under the pilot programs premiums, deductibles, copayments, and other charges with respect to the benefits provided by the Department to the following:*

*(i) Veterans with compensable service-connected disabilities.*

*(ii) Veterans whose discharge or release from active military, naval, or air service was for a compen-*

*sable disability that was incurred or aggravated in the line of duty.*

*(iii) Veterans who are in receipt of, or who, but for a suspension pursuant to section 1151 of title 38, United States Code (or both a suspension and the receipt of retired pay), would be entitled to disability compensation, but only to the extent that such veterans' continuing eligibility for such care is provided for in the judgment or settlement provided for in such section.*

*(iv) Veterans who are former prisoners of war.*

*(v) Veterans of the Mexican border period or of World War I.*

*(vi) Veterans who are unable to defray the expenses of necessary care, as determined in accordance with section 1722(a) of such title.*

*(B) The Secretary may collect premiums, deductibles, copayments, and other charges with respect to benefits provided under a pilot program to veterans referred to in subparagraph (A) from any third party obligated to provide, or to pay the expenses of, such benefits to or for such veterans under the comprehensive health benefits plan of the State in which the pilot program is carried out.*

*(j) FUNDING.—(1) There is established in the Treasury a fund to be known as the Department of Veterans Affairs*

*Health Care Reform Fund (hereafter referred to in this subsection as the "Fund").*

*(2)(A) Notwithstanding any other provision of law, amounts shall be deposited in the Fund as follows:*

*(i) Amounts collected under a pilot program in accordance with subsection (i).*

*(ii) Amounts made available to a pilot program based upon a determination under paragraph (3).*

*(iii) Amounts transferred to the Fund with respect to a pilot program under paragraph (4).*

*(iv) Such other amounts as the Secretary and the health system directors of the pilot programs jointly determine to be necessary in order to carry out the pilot programs.*

*(v) Such other amounts as may be appropriated to the pilot programs.*

*(B) The Secretary shall make available amounts under clauses (ii) and (iv) of subparagraph (A) from amounts appropriated to the Department of Veterans Affairs for the provision of health care services.*

*(C) The Secretary shall establish and maintain a separate account under the Fund for each pilot program carried out under this Act. Any deposits and expenditures with respect to a pilot program shall be made to or from the ac-*

*count established and maintained with respect to that pilot program.*

*(3)(A) For each year of the operation of a pilot program under this Act, the Secretary shall deposit in account of the Fund for the pilot program an amount (as determined by the Secretary) equal to the amount that would otherwise be made available to the health care system of the Department in the State in which the pilot program is carried out for the payment of the cost of health care services by such system in that State in that year. The Secretary shall deposit such amount at the beginning of such year.*

*(B) The costs referred to in subparagraph (A) shall not include costs relating to the provision by the Secretary of the following services:*

*(i) Services relating to post-traumatic stress disorder.*

*(ii) Services relating to spinal-cord dysfunction.*

*(iii) Services relating to substance abuse.*

*(iv) Services relating to the rehabilitation of blind veterans.*

*(v) Services relating to prosthetics.*

*(4) Funds deposited in the Medical-Care Cost Recovery Fund established under section 1729(g) of title 38, United States Code, during any fiscal year in an amount in excess of the Congressional Budget Office baseline (as of the date*

*of the enactment of this Act) for deposits in that fund for that fiscal year shall not be subject to paragraph (4) of section 1710(f), 1712(f), or 1729(g) (as the case may be) of that title, but shall be transferred to the fund established under this subsection. Such transfer for any fiscal year shall be made at any time that the total of amounts so received less amounts estimated to cover the expenses, payments, and costs described in paragraph (3) of section 1729(g) of that title is in excess of the applicable Congressional Budget Office baseline.*

*(5)(A) Notwithstanding any other provision of law, the health system director for a State in which a pilot program is carried out shall determine the costs for which amounts in the Fund may be expended in carrying out the pilot program.*

*(B)(i) Except as provided in clause (ii), the costs of carrying out a pilot program under this paragraph shall include any costs of marketing and advertising under the program, costs of legal services provided to such pilot program by the General Counsel of the Department of Veterans Affairs, and costs relating to acquisition (including acquisition of land), construction, repair, or renovation of facilities.*

*(ii) Costs under this subparagraph shall not include any costs relating to a major medical facility project or*

*a major medical facility lease as such terms are defined in subparagraphs (A) and (B) of section 8104(a)(3) of title 38, United States Code, respectively.*

*(C) Amounts in the Fund for the payment of costs of a pilot program under this subsection shall be available for such purpose without fiscal year limitation.*

*(k) TERMINATION.—A pilot program carried out under this Act shall terminate not later than 2 years after the date of the commencement of provision of benefits under the pilot program.*

***SEC. 4. REPORTS ON PILOT PROGRAMS.***

*(a) COLLECTION OF INFORMATION.—(1) The Secretary shall collect such information with respect to the provision of health care benefits under each pilot program as is necessary to permit the Secretary to evaluate the pilot program in light of the purpose of the pilot program under this Act.*

*(2) The information collected by the Secretary under paragraph (1) shall include aggregated data on the following:*

*(A) The number of persons participating in each pilot program, including the age, sex, health status, disability ratings (if any), employment status, and incomes of such persons.*

*(B) The nature of benefits sought by such persons under each pilot program.*

*(C) The nature and quantity of benefits provided to such persons under each pilot program.*

*(D) The cost to the Department of providing such benefits under each pilot program.*

*(b) REPORTS.—(1) Not later than 14 months after the date of the completion of the designation of States as locations for pilot programs under this Act, the Secretary shall submit to the Committees on Veterans' Affairs of the Senate and House of Representatives a report on the progress of the Secretary in carrying out the pilot programs. Such report shall include the information referred to in subsection (a)(2) on the date of the report.*

*(2) Not later than November 30 of the year of the termination of the final pilot program under this Act, the Secretary shall submit to the committees referred to in paragraph (1) a report on the pilot programs carried out under this Act. The report shall include the following:*

*(A) The information referred to in subsection (a)(2), together with the comments and conclusions of the Secretary with respect to such information.*

*(B) An assessment by the Secretary of the utility of each pilot program for carrying out the purpose of this Act.*

*(C) An assessment by the Secretary of appropriate means of integrating the health care system of*

*the Department into the health care systems of States that have enacted health care reform and into the National health care system contemplated under any plans for National health care reform.*

*(D) Such other information, assessments, and conclusions as the Secretary considers appropriate.*

***SEC. 5. DEFINITIONS.***

*For the purposes of this Act—*

*(1) The terms "Secretary", "Department", "veteran", "child" and "spouse" have the meanings given such terms in paragraphs (1), (2), (4), and (31) of section 101 of title 38, United States Code, respectively.*

*(2) The term "comprehensive health benefit plan", in the case of a State, means a plan or system established under the law of the State that—*

*(A) attempts to ensure the access of residents of the State to a comprehensive package of basic health care benefits; and*

*(B) ensures such access by providing that such benefits shall be provided directly or by contract by public and private entities.*

*(3) The term "comprehensive package of basic health care benefits" means the health care benefits*

*provided for by a State under the comprehensive health benefit plan of the State.*

*(4) The term "health care system of the Department", in the case of a State designated as a location for a pilot program, means the facilities and personnel of the Department located in that State that provide health care services under chapter 17 of title 38, United States Code.*

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Calendar No. 436

103D CONGRESS
2D SESSION

# S. 1974

[Report No. 103–268]

# A BILL

To authorize the Secretary of Veterans Affairs to conduct pilot programs in order to evaluate the feasibility of the participation of the Department of Veterans Affairs health care system in the health care systems of States that have enacted health care reform.

MAY 23 (legislative day, MAY 16), 1994

Reported with an amendment